

Can Brazil's World Cup Leave More than White Elephants as Legacy?

Written by Marcos Carrieri
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A little over a year before the opening, 2014 FIFA World Cup projects are delayed and have irregularities pending solution. Urban mobility works have already been canceled or stripped down, stadium budgets have been blown, and the main rationale for hosting the Cup is threatened: the legacy. On the other hand, stadiums and road works already are starting to induce growth in some of the 12 host-cities' surroundings. The secretary general of the non-government organization Contas Abertas (Portuguese for Open Accounts), Gil Castello Branco, says it's already certain that the 2014 World Cup legacy will be "a herd of white elephants," i.e. the stadiums. He cites airport concessions as a positive "spinoff" legacy.

Also, good results may be achieved in the second and third planning cycles of projects in the Responsibility Matrix, a document that sets forth states' and municipalities' commitments to World Cup-related actions. The cycles provide for investment in telecommunication, tourist infrastructure, and healthcare, among others.

"We are producing a herd of white elephants spearheaded by the stadium in Brasília, a city devoid of a soccer culture. Brasília isn't on the route of major music concerts either. It's unlikely that the stadium will host these. It will be a 75,000-seat stadium at a cost of nearly 1.5 billion reais (US\$ 752 million)," he says.

"We've had progress on a few fronts, like airport concessions, which are a spinoff legacy," says Castello Branco.

The coordinator of the Infrastructure and Logistics Center at Minas Gerais' Fundação Dom Cabral, Paulo Resende, hopes to be proved wrong, but he believes the World Cup legacy will only go so far.

According to Resende, projects that should actually induce development in the country have been stripped down so they'll be completed come the time of the event.

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A case in point is the third terminals at the airports of Guarulhos, in São Paulo, Galeão, in Rio de Janeiro, and Confins, in Minas Gerais, which will be merely provisional. Metro line works have also been either canceled or replaced with bus corridors. Road stretches connecting airports to cities have been postponed to another occasion.

"In 2010, the euphoria surrounding the hosting of the World Cup cooled off, funds and time became scarce, and projects were downgraded," says Resende.

Despite the problems, he believes Brazil will have at least one great legacy. The country will show the world the investment opportunities that it holds. "It will be the most promising region in the world, investment-wise. It's a strategic legacy," he says.

The latest report on target compliance from Brazil's Court of Auditors (TCU), was released in December 2012, and found fault with contracted projects and above-forecast stadiums' costs.

The Brasília National Stadium will have a capacity for 70,000 people with an initial budget of R\$ 745.3 million (US\$ 373.6 million). The latest budget forecast shows that the stadium will not be completed for less than R\$ 1.3 billion (US\$ 651 million), and according to the Federal District's Court of Auditors (TCDF), irregularities amounting to R\$ 72 million (US\$ 36 million) were found in building material purchases for the roof of the stadium.

Regarding mobility works, only the first stretch of the São Paulo monorail remains in the Responsibility Matrix. It will be a part of the metro's 17-ouro line, and its initial phase, due for completion in May 2014, will connect the Congonhas airport to Morumbi train station. Two other phases have been rescheduled for 2015.

Rio de Janeiro's Maracanã stadium is being overhauled, and is the one causing the most concern to the International Federation of Association Football (Fifa). Workers are working in three shifts, and delivery has been postponed several times. The latest rescheduling, from early March, has set the first test-match for April 28th, with no spectators. Fans will only be allowed in in May.

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The TCU report provides details on the status of each project. It forecasts that hosting the World Cup will cost R\$ 29.320 billion (US\$ 14.699 billion). According to the organization, auditing has already saved up R\$ 600 million (US\$ 300.8 mn).

The minister-rapporteur for survey "O TCU e a Copa do Mundo de 2014" (The Federal Court of Auditors and the 2014 World Cup), Valmir Campello told that the World Cup is leaving various legacies in Brazil. He lists investment in ports, airports, urban mobility, safety, tourist infrastructure, and stadiums.

He notes that Brazil is purchasing telecom equipment, investing in personnel training, non-lethal weapons, and helicopters. These will leave a "positive inheritance" behind.

"Aside from all the palpable investment, the event will leave behind an immeasurable gain in terms of learning, a result-driven culture. After all, an emerging country like ours requires massive investment, and fast. And our 'hunger' for major investment that will increase our growth capacity has been aroused," says the minister.

Campello also says the irregularities found thus far do not necessarily stem from corruption, but rather from authorities' difficulties in managing large amounts and projects.

"Upon acknowledging what the Court has pointed out, government officials have immediately adhered to our recommendations and corrected what errors there may be," he says.

Still, the minister concedes that some works risk giving headaches even past the World Cup, because the Federal Senate has made exceptions for states and municipalities to raise their indebtedness ceiling with banks and creditors in order to carry out World Cup-related works.

"If works are not completed on time, they will of course no longer be World Cup works. Therefore, they will need to be relocated to another banking line, and that may stem the flow of funds into them. In that case, there is some danger, albeit low, that the works may be halted,"

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he says.

He notes that based on the TCU's analyses, this should not hold true of stadiums. Urban mobility works, in turn, call for close attention. "And we are paying attention," he warns.

The Marketing director for Portal 2014, of the National Union of Architecture and Engineering Consulting Firms (Sinaenco), Rodrigo Prada also says the Brazilian government has wasted an opportunity to better prepare for the event and leave the population with an even better legacy than what is expected now. But Prada says in some Brazilian cities, public works for the Cup are creating opportunities, and may transform a city. A case in point is Recife.

"Generally speaking, some sectors are improving. In Northeast Brazil, for instance, five cities will host games, and the region's GDP is rising because the Cup ushers investment in. If it weren't for the Cup, it might take 15, 20 years for the region to grow the way it's growing now.

In Recife, for instance, you have World Cup City, and the city is growing on that direction. That's where the stadium is and that's where schools, malls and real estate are heading. The project will spur the city into growth," says Prada.

Resende also admits that stadiums' construction and tourist inflow to the host cities will induce growth, but claims local authorities will have to work hard to earn that growth.

"Growth needs to be induced. The stadiums, for instance, could be multipurpose arenas that might stage football matches, music concerts or religious events, which are truly on an upward swing throughout Brazil. That diversifies the production chain."

Prada stresses that Barcelona, the Spanish city that hosted the 1992 Olympics, has taken advantage of the event to reinvent itself, and years after the contest it kept benefiting from a stream of investment.

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He believes the same may happen in Brazil. "In Barcelona, many projects came up five years afterwards. If by 2016 we look back at 2007, we will see an impressive transformation that was not brought about solely by the World Cup."

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